

**IN THE HIGH COURT OF JUDICATURE, ANDHRA
PRADESH
AT HYDERABAD**

HON'BLE Mr. JUSTICE R. SUBHASH REDDY

Writ Petition No.24252 of 1999

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Dated: September 19, 2007
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Between:

M/s. Venkataraya Chit Fund Private Ltd.,
Registered office at Ameerpet, Hyderabad,
Represented by its Director Dr. Mullapudi
Harischandra Prasad, S/o. late Venkatayarayudu,
Aged about 33 years, Occ: Business, R/o. Jubilee Hills,
Hyderabad.

... Petitioner

And

State of Andhra Pradesh, represented by its Secretary,
Revenue (Regn-II) Department, Secretariat Buildings,
Hyderabad, and others.

... Respondents

Order:

Petitioner, a Chit Fund Company, has filed this writ petition questioning the circular dated 16-12-1995 issued by the second respondent, Director of Chits and Commissioner and Inspector

General of Registration and Stamps, A.P., Hyderabad.

According to Section 12 of the Andhra Pradesh Chit Fund Act, 1971 ('the Act' for brevity), every foreman shall, before applying for the certificate of commencement of chit, deposit in any approved bank not less than half of the chit amount or execute an indenture of mortgage and trust in favour of the Registrar for realization of chit amount or invest in Government Securities of the face value or market value whichever is less than half of the amount in favour of the Registrar.

In the circular impugned herein, taking into account the financial position of the Government in the year 1995, instructions were issued to the Inspecting Officer and District Registrars of the State to convince the foreman of chit organizations to deposit in National Savings Scheme (NSS).

The aforesaid circular is only advisory in nature, instructing the officers concerned to convince the foreman of chit organizations to deposit in NSS, however, no directions, as such, were issued insisting only on NSS certificates. The circular is an internal correspondence between the departments whereby the aforesaid instructions were issued, however, the same does not obligate companies to deposit only in NSS and produce such certificates, contrary to the procedure contemplated under Section 12 of the Act. Hence, I do not find any illegality in the impugned circular warranting interference under Article 226 of the Constitution of India.

The writ petition is, therefore, disposed of directing the respondents to accept any deposits made by the petitioner in accordance with Section 12 of the Act. No order as to costs.

JUSTICE R. SUBHASH REDDY.

September 19, 2007

MRR